

October 2002



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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September revenue collections were encouraging particularly because sales tax collections were quite strong, which indicates a positive economy in North Dakota. *Economy.com* believes North Dakota is in the early stages of a recovery, however, we should expect to see only moderate growth in the near term.

North Dakota's unemployment rate in August was 3.0 percent, down from last month's rate of 3.2 percent. In addition, the Tax Department reported that second quarter taxable sales and purchases increased by 1.7 percent over the same period one year ago.

The national economy, which posted annualized gains near 3 percent since the begin-

ning of the year, has virtually stalled in recent weeks. The catalyst necessary to turn the national economy around is a stronger stock market. *Economy.com* believes this won't happen soon. In fact, it may be another year before investors regain enough confidence in corporate management and their earnings

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expectations to entice them to purchase corporate securities again.

Oil Activity

Oil production in August was 85,240 barrels per day, up from July's production of 83,348 barrels per day. The current price of oil in North Dakota is in the range of \$25 per barrel. North Dakota has 10 drilling rigs operating, compared to 18 rigs operating one year ago.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to July 2002 Preliminary Forecast
2001-03 BIENNIUM
SEPTEMBER 2002

REVENUES AND TRANSFERS	July 2002 Preliminary Forecast	FISCAL MONTH			July 2002 Preliminary Forecast	BIENNIUM TO DATE		
		Actual	Variance	Percent		Actual	Variance	Percent
Sales Tax	23,986,000.00	\$ 28,487,380.04	\$ 4,501,380.04	18.8%	\$ 395,178,748.00	\$ 399,015,586.50	\$ 3,836,838.50	1.0%
Motor Vehicle Excise Tax	5,307,000.00	5,402,740.02	95,740.02	1.8%	75,975,256.00	76,644,694.70	669,438.70	0.9%
Individual Income Tax	9,368,000.00	9,753,908.91	385,908.91	4.1%	238,805,355.00	241,745,630.54	2,940,275.54	1.2%
Corporate Income Tax	2,890,000.00	3,301,034.94	411,034.94	14.2%	44,730,973.00	44,725,874.48	(5,098.52)	0.0%
Insurance Premium Tax	660,000.00	1,137,163.94	477,163.94	72.3%	25,492,682.00	26,393,376.06	900,694.06	3.5%
Financial Institutions Tax		9,672.00	9,672.00	100.0%	2,501,892.00	2,982,058.04	480,166.04	19.2%
Oil & Gas Production Tax	1,570,000.00	1,336,647.86	(233,352.14)	-14.9%	24,508,849.00	25,248,966.32	740,117.32	3.0%
Gaming Tax	300,000.00	436,398.97	136,398.97	45.5%	15,388,000.00	16,795,280.92	1,407,280.92	9.1%
Interest Income	278,000.00	203,058.84	(74,941.16)	-27.0%	6,422,000.00	6,050,887.53	(371,112.47)	-5.8%
Oil Extraction Tax	1,077,000.00	1,187,964.08	110,964.08	10.3%	13,748,638.00	13,630,648.26	(117,989.74)	-0.9%
Cigarette & Tobacco Tax	1,842,000.00	1,727,746.61	(114,253.39)	-6.2%	25,612,046.00	25,434,530.14	(177,515.86)	-0.7%
Departmental Collections	2,230,000.00	2,146,280.19	(83,719.81)	-3.8%	38,327,050.00	40,887,272.74	2,560,222.74	6.7%
Wholesale Liquor Tax	489,983.00	411,549.54	(78,433.46)	-16.0%	7,071,326.00	6,981,220.01	(90,105.99)	-1.3%
Coal Conversion Tax	1,952,000.00	2,004,674.79	52,674.79	2.7%	29,319,821.00	29,260,496.42	(59,324.58)	-0.2%
Mineral Leasing Fees	30,000.00	78,294.24	48,294.24	161.0%	3,176,000.00	4,045,495.46	869,495.46	27.4%
Bank of North Dakota-Transfer					30,000,000.00	30,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	852,120.00	852,120.00	-	0.0%
Other Transfers		398.97	398.97	100.0%	70,850.00	71,249.28	399.28	0.0%
Total Revenues and Transfers	51,979,983.00	57,624,913.94	5,644,930.94	10.9%	977,181,606.00	990,765,387.40	13,583,781.40	1.4%

**COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
SEPTEMBER 2002**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	September <u>2000</u>	September <u>2002</u>	<u>Variance</u>	<u>Percent</u>	<u>1999-01</u>	<u>2001-03</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	\$ 20,871,172.04	\$ 28,487,380.04	\$ 7,616,208.00	36.5%	\$ 379,217,669.44	\$ 399,015,586.50	\$ 19,797,917.06	5.2%
Motor Vehicle Excise Tax	5,121,378.10	5,402,740.02	281,361.92	5.5%	70,065,448.73	76,644,694.70	6,579,245.97	9.4%
Individual Income Tax	11,473,912.54	9,753,908.91	(1,720,003.63)	-15.0%	240,819,139.99	241,745,630.54	926,490.55	0.4%
Corporate Income Tax	8,777,829.32	3,301,034.94	(5,476,794.38)	-62.4%	58,768,887.45	44,725,874.48	(14,043,012.97)	-23.9%
Insurance Premium Tax	343,442.00	1,137,163.94	793,721.94	231.1%	21,641,274.17	26,393,376.06	4,752,101.89	22.0%
Financial Insitutions Tax	125,706.00	9,672.00	(116,034.00)	-92.3%	2,508,160.16	2,982,058.04	473,897.88	18.9%
Oil & Gas Production Tax	1,270,370.10	1,336,647.86	66,277.76	5.2%	26,408,115.50	25,248,966.32	(1,159,149.18)	-4.4%
Gaming Tax	380,258.33	436,398.97	56,140.64	14.8%	16,425,892.18	16,795,280.92	369,388.74	2.2%
Interest Income	912,710.81	203,058.84	(709,651.97)	-77.8%	11,487,080.16	6,050,887.53	(5,436,192.63)	-47.3%
Oil Extraction Tax	1,091,254.71	1,187,964.08	96,709.37	8.9%	16,474,748.09	13,630,648.26	(2,844,099.83)	-17.3%
Cigarette & Tobacco Tax	1,888,708.73	1,727,746.61	(160,962.12)	-8.5%	26,916,157.79	25,434,530.14	(1,481,627.65)	-5.5%
Departmental Collections	996,790.42	2,146,280.19	1,149,489.77	115.3%	24,279,776.01	40,887,272.74	16,607,496.73	68.4%
Wholesale Liquor Tax	469,622.03	411,549.54	(58,072.49)	-12.4%	6,373,113.05	6,981,220.01	608,106.96	9.5%
Coal Severance Tax	995,785.63	0.00	(995,785.63)	-100.0%	14,046,041.03	775,793.99	(13,270,247.04)	-94.5%
Coal Conversion Tax	1,113,532.87	2,004,674.79	891,141.92	80.0%	15,716,822.61	28,484,702.43	12,767,879.82	81.2%
Mineral Leasing Fees	299,190.56	78,294.24	(220,896.32)	-73.8%	4,706,569.71	4,045,495.46	(661,074.25)	-14.0%
Bank of North Dakota-Transfer					15,000,000.00	30,000,000.00	15,000,000.00	100.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	862,880.00	852,120.00	(10,760.00)	-1.2%
Other Transfers		398.97	398.97	100.0%	2,056,365.23	71,249.28	1,985,115.95	96.5%
Total Revenues and Transfers	56,131,664.19	57,624,913.94	1,493,249.75	2.7%	953,774,141.30	990,765,387.40	36,991,246.10	3.9%

Revenue Variances

The following comments are based on the September revenue collections compared to the July 2002 preliminary revenue forecast.

Sales tax collections exceeded the monthly forecast by \$4.5 million or 18.8 percent. This brings the biennium-to-date collections to \$3.8 million or 1.0 percent ahead of the preliminary revenue forecast.

Motor vehicle excise tax collections exceeded monthly projections by \$95,740 which brings biennium-to-date collections to \$669,439 or 0.9 percent ahead of projections.

Individual income tax collections exceeded September projections by \$385,909 or 4.1 percent. Biennium-to-date collections are now \$2.9 million or 1.2 percent ahead

of projections. This overage is the result of strong withholding tax collections in the past three months.

Corporate income tax collections exceeded projections by \$411,035 or 14.2 percent. Biennium-to-date collections are now \$5,098 behind projections.

Insurance premium tax collections exceeded monthly projections by \$477,164 or 72.3 percent, bringing biennium-to-date collections to \$900,694 or 3.5 percent ahead of projections.

Oil and gas production tax collections fell short of the September projection by \$233,352 or 14.9 percent, while oil extraction collections exceeded the monthly projection by \$110,964 or 10.3 percent.

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